

Video address to the Industrial Relations Association of Hawai'i: Health care legislation

Senator Spark M. Matsunaga Papers

Senate, Public relations, Speeches, Organizations, Box PR81, Folder 3

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"HEALTH CARE LEGISLATION"

VIDEO ADDRESS BY U. S. SENATOR SPARK MATSUNAGA
TO THE INDUSTRIAL RELATIONS ASSOCIATION OF HAWAII CONFERENCE
HONOLULU, HAWAII
WEDNESDAY, JUNE 8, 1988 - NOON

ALOHA FROM WASHINGTON, D.C.! IT IS A PLEASURE TO
ADDRESS MEMBERS OF THE INDUSTRIAL RELATIONS ASSOCIATION OF
HAWAII, ALTHOUGH I WOULD PREFER BEING WITH ALL OF YOU IN
PERSON INSTEAD OF VIA THIS DISEMBODIED TECHNOLOGY OF
VIDEOTAPE. UNFORTUNATELY, THE SENATE SCHEDULE PRECLUDES MY
CORPORAL PRESENCE AT YOUR CONFERENCE, BUT BE ASSURED I AM VERY
MUCH WITH YOU IN SPIRIT.

WHEN I EMBARKED ON MY CONGRESSIONAL CAREER IN 1962,
HEALTH CARE WAS A SPECIAL SUBJECT OF CONCERN TO ME; IT REMAINS
IN THE FOREFRONT OF MY CONCERNS TODAY BY VIRTUE OF MY
MEMBERSHIP ON THE SENATE FINANCE COMMITTEE AND THE LABOR AND
HUMAN RESOURCES COMMITTEE, BOTH OF WHICH HAVE JURISDICTION

OVER FEDERAL HEALTH PROGRAMS. IF, AS SAGES THROUGHOUT MANKIND'S HISTORY HAVE REMINDED US, HEALTH IS A PERSON'S MOST IMPORTANT POSSESSION, THEN PUBLIC HEALTH IS CERTAINLY OF EQUAL IMPORTANCE TO SOCIETY AS A WHOLE. HEALTH CARE IS INESCAPABLY CAUGHT UP IN PUBLIC POLICY, REGARDLESS OF PREVAILING POLITICAL PHILOSOPHY. THIS FIELD IS CONSIDERED TO BE THE NATION'S THIRD LARGEST INDUSTRY WITH AN ANNUAL VOLUME OF SPENDING ESTIMATED AT \$500 BILLION. AT THIS LEVEL, ITS SHARE OF THE GROSS NATIONAL PRODUCT IS 11.2%, DOUBLE ITS PERCENTAGE WHEN I FIRST CAME TO WASHINGTON 26 YEARS AGO.

IN HAWAII, TOTAL EXPENDITURES FOR HEALTH CARE AMOUNT TO MORE THAN ONE BILLION DOLLARS ANNUALLY -- ROUGHLY TRIPLE THE INCOME OF OUR SUGAR INDUSTRY. ONLY TOURISM AND THE MILITARY RING UP LARGER DOLLAR VOLUMES IN OUR LOCAL ECONOMY.

HEALTH CARE, THEN, IS BIG BUSINESS -- AND ITS PRICE TAG REPRESENTS ONE OF LIFE'S BIGGEST RISKS. THE FEDERAL PROGRAMS TO UNDERWRITE THIS RISK, MEDICARE AND MEDICAID, HAVE BECOME A SIZABLE PORTION OF THE FEDERAL BUDGET. SPENDING FOR CIVILIAN

HEALTH CARE NOW REPRESENTS 10% OF THE FEDERAL BUDGET, EXCLUSIVE OF DEFENSE DEPARTMENT OUTLAYS FOR THE HEALTH CARE OF SERVICE PERSONNEL, DEPENDENTS AND RETIREES, AND THE CARE PROVIDED BY THE VETERANS ADMINISTRATION. OF THIS AMOUNT NINE OF EVERY TEN DOLLARS GOES TOWARD MAINTAINING THE MEDICARE AND MEDICAID PROGRAMS.

THE IMPLICATIONS ARE MANY, BUT I WOULD LIKE TO SHARE WITH YOU SOME INSIGHTS INTO FEDERAL INITIATIVES TO COPE WITH THE FINANCIAL DEMANDS OF THE NATION'S HEALTH CARE SYSTEM. TO BE SURE, THIS IS NO EASY ASSIGNMENT. THAT SYSTEM IS UNDER CONSIDERABLE STRESS TODAY AND IT IS INCUMBENT UPON THE LAWMAKER, AS WITH THE PHYSICIAN, FIRST OF ALL TO DO NO FURTHER HARM.

CHANGE IS AT THE ROOT OF THE STRESS THE SYSTEM IS UNDERGOING -- CHANGE REFLECTED IN HIGHER COSTS. HEALTH CARE EXPENDITURES ARE PREDICTED BY THE U. S. COMMERCE DEPARTMENT TO RISE NINE PERCENT THIS YEAR ABOVE THEIR 1987 LEVELS. A VERY VISIBLE INDICATION OF RISING COSTS IS THE INCREASE IN HEALTH

INSURANCE PREMIUMS. NATION-WIDE, PREMIUMS FOR PRIVATE INSURANCE PLANS ARE INCREASING FROM 12 TO 25% OVER 1987. THE MEDICARE PART B PREMIUM FOR THE ELDERLY AND DISABLED WENT UP TO \$24.80 A MONTH ON JANUARY 1, 1988, FROM \$17.90 A MONTH IN 1987. THESE PREMIUMS ARE DIRECTLY TIED TO WHAT HOSPITALS, PHYSICIANS, AND OTHER PROVIDERS AND SUPPLIERS ARE CHARGING. INVOLVED AS YOU ARE IN THE FIELD OF LABOR RELATIONS, I AM CERTAIN THAT YOU ARE CONCERNED ABOUT THIS CRUCIAL AREA OF EMPLOYEE BENEFITS.

YOU MAY ASK, "WHY HAVE THESE COSTS CLIMBED SO SHARPLY?" REASONS GIVEN ARE: (1) MALPRACTICE LITIGATION, (2) THE CAPITAL REQUIREMENTS OF NEW TECHNOLOGY, (3) THE AGING OF OUR POPULATION, (4) THE GREATER USE OF NURSING HOMES, HOME-CARE SERVICE, AND OUTPATIENT FACILITIES, AND (5) THE LABOR-INTENSIVE NATURE OF THE INDUSTRY. ADDITIONAL STRESSES ARE PLACED ON THE SYSTEM BY THE AIDS EPIDEMIC AND THE SHORTAGE OF NURSES.

AGAINST THIS BACKGROUND OF RISING COSTS ARE THE FISCAL CONSTRAINTS FACING THE FEDERAL GOVERNMENT. CONCERNS ABOUT THE FEDERAL DEFICIT AND THE FINANCIAL STABILITY OF THE MEDICARE AND MEDICAID PROGRAMS HAVE COLORED THE THINKING OF NUMEROUS POLICY MAKERS IN WASHINGTON AND ELSEWHERE. THEY CONSIDER IT UNLIKELY THAT THE FEDERAL GOVERNMENT CAN ASSUME A LARGER ROLE IN THE FINANCING OF HEALTH CARE COVERAGE, NOTABLY FOR A COMPREHENSIVE NATIONAL HEALTH INSURANCE PLAN.

ON THE OTHER HAND, THERE IS CONCERN IN CONGRESS ABOUT THE INCREASING NUMBER OF AMERICANS WITHOUT HEALTH INSURANCE COVERAGE. THIRTY-SEVEN MILLION AMERICANS CURRENTLY HAVE NO HEALTH INSURANCE, A FIGURE THAT HAS BEEN RISING AT THE RATE OF ONE MILLION A YEAR SINCE 1980. APPROXIMATELY TWO-THIRDS OF THE UNINSURED, OR 24 MILLION, ARE MEMBERS OF FAMILIES IN WHICH AT LEAST ONE MEMBER OF THE HOUSEHOLD WORKS FULL-TIME. CHILDREN CONSTITUTE MORE THAN 30% OF THE UNINSURED MEMBERS OF WORKING FAMILIES, WHICH MEANS THAT THESE 7.4 MILLION YOUNGSTERS ARE WITHOUT HEALTH COVERAGE.

THIS GROWTH IN THE UNINSURED POPULATION HAS OCCURRED AT A TIME WHEN CHANGES IN THE REIMBURSEMENT POLICIES OF PRIVATE INSURERS AND THE FEDERAL GOVERNMENT HAVE MADE IT MORE DIFFICULT FOR HOSPITALS TO SHIFT THE COSTS OF TREATING THE UNINSURED TO PRIVATELY INSURED PATIENTS. IN ITS SEARCH FOR A SOLUTION WHICH WOULD INCREASE ACCESS TO HEALTH CARE FOR THE UNINSURED WITHOUT RESULTING IN MAJOR FEDERAL SPENDING, CONGRESS HAS TURNED TO EMPLOYERS AS A POSSIBLE SOURCE OF ASSISTANCE.

IN PAST YEARS, CONGRESS HAS MANDATED THAT EMPLOYERS WHO OFFER HEALTH INSURANCE TO THEIR WORKERS MUST MEET SPECIFIC REQUIREMENTS AFFECTING THE NATURE OF THEIR HEALTH INSURANCE PLANS AND THE ENTITLEMENT TO THOSE PLANS. IN THE CURRENT CONGRESS, LEGISLATION IS BEING CONSIDERED TO MANDATE EMPLOYERS TO PROVIDE BASIC HEALTH INSURANCE TO THEIR EMPLOYEES, AND TO REQUIRE EMPLOYERS TO PROVIDE SPECIFIC HEALTH BENEFITS IN THEIR INSURANCE PLANS. AMONG THE MOST NOTABLE IS S. 1265, THE "MINIMUM HEALTH BENEFITS FOR ALL WORKERS ACT."

UNDER THIS BILL, EMPLOYEES WORKING 17 AND ONE HALF HOURS A WEEK OR MORE AND THEIR DEPENDENTS MUST BE OFFERED AT LEAST A BASIC, MINIMUM, LOW-COST PACKAGE OF HEALTH INSURANCE COVERAGE BY THEIR EMPLOYERS. THE MINIMUM PACKAGE WOULD INCLUDE HOSPITAL CARE, PHYSICIAN CARE, DIAGNOSTIC AND SCREENING TESTS, AND PRE-NATAL AND WELL-BABY CARE. IT MUST ALSO INCLUDE PROTECTION AGAINST CATASTROPHIC COSTS. SMALL BUSINESSES EMPLOYING FIVE OR LESS WORKERS WOULD HAVE FIVE YEARS TO PHASE IN FULL COVERAGE. A SYSTEM OF REGIONAL INSURERS WOULD BE CREATED TO PROVIDE COMMUNITY-RATED, LOW-COST INSURANCE TO SMALL BUSINESSES. S. 1265 WAS APPROVED BY THE SENATE COMMITTEE ON LABOR AND HUMAN RESOURCES ON FEBRUARY 17, 1988.

THE ALOHA STATE, AS YOU KNOW, IS A LEADER IN THIS AREA OF LEGISLATION. HAWAII'S PREPAID HEALTH CARE ACT OF 1974 WAS THE FIRST AND, FOR OVER A DECADE, THE ONLY MANDATORY EMPLOYER-PROVIDED COVERAGE LAW IN THE NATION. THIS PAST APRIL MASSACHUSETTS ENACTED A LAW MANDATING EMPLOYER COVERAGE AND

GUARANTEEING HEALTH COVERAGE FOR THE REMAINING UNINSURED.

WHILE HAWAII'S PREPAID HEALTH CARE ACT HAS BEEN SUCCESSFUL IN REDUCING THE PERCENTAGE OF HAWAII'S POPULATION WITHOUT HEALTH INSURANCE, THERE ARE STILL SOME GAP GROUPS. THE HAWAII STATE DEPARTMENT OF HEALTH ISSUED A REPORT IN JANUARY OF LAST YEAR STATING THAT, AS A PRELIMINARY ESTIMATE OF THE MEDICALLY INDIGENT IN THE STATE, ABOUT FIVE PERCENT OF THE PEOPLE IN HAWAII UNDER THE AGE OF 65 AND 4.3% OF THOSE OVER 65 ARE UNINSURED.

THE NATIONAL CENTER FOR HEALTH SERVICES RESEARCH HAS SUGGESTED THAT THE PROPORTION OF AMERICAN FAMILIES WITH CATASTROPHIC HEALTH COSTS -- FOUND TO BE ONE OUT OF FIVE EACH YEAR OR 16 MILLION -- MAY BE GREATER TODAY THAN IT WAS A DECADE AGO. MANY OF THESE FAMILIES ARE HEADED BY ELDERLY OR UNEMPLOYED PERSONS, AND ABOUT A THIRD HAVE INCOME BELOW THE GOVERNMENT'S OFFICIAL POVERTY LINE. LESS THAN HALF OF THE FAMILIES SURVEYED BY THE CENTER WERE HEADED BY PERSONS EMPLOYED ALL YEAR ROUND. IT IS SIGNIFICANT TO NOTE THAT THESE

ONE-OF-FIVE FAMILIES ACCOUNTED FOR 42% OF THE NATION'S TOTAL HEALTH EXPENDITURES, INCLUDING BOTH THOSE COVERED BY INSURANCE AND THOSE WITH OUT-OF-POCKET EXPENSES.

CATASTROPHIC COVERAGE FOR THE MEDICARE POPULATION WAS APPROVED BY BOTH THE SENATE AND HOUSE LAST YEAR. THE DIFFERENCE BETWEEN THE TWO VERSIONS OF THIS BILL ARE BEING RESOLVED BY A CONFERENCE COMMITTEE.

IN SUMMARY, THEN, CONGRESS AND THE ADMINISTRATION ARE WRESTLING WITH THE MYRIAD PROBLEMS OF HEALTH CARE FINANCING, JUST AS YOU IN THE FIELD OF INDUSTRIAL RELATIONS ARE. BUT NO CONSENSUS ON A CURE HAS BEEN REACHED IN WASHINGTON. IT IS INCUMBENT UPON ALL OF US TO MAINTAIN OUR PERSPECTIVE; OTHERWISE, WE COULD JEOPARDIZE THE QUALITY OF, AND ACCESS TO, HEALTH CARE IN THIS EMERGING ERA OF COST CONTAINMENT.

WE WHO ARE LAWMAKERS NEED ALL THE HELP WE CAN GET IN FASHIONING LEGISLATIVE TREATMENTS. TO THIS END I WOULD HOPE THAT YOU WILL BE ACTIVE IN MONITORING AND EVALUATING FEDERAL

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